



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

July 11, 2009

Mr. Steven Nunez, Director of Human Resources
Quinn Group, Inc.
10006 Rose Hills Road
City of Industry, CA 90601

Dear Mr. Nunez:

RE: FINAL MONITORING VISIT REPORT for Quinn Group, Inc. (Quinn) - ET07-0306

Date of the Visit:	March 25, 2009 and June 12, 2009
Beginning/Ending Time:	9:00 a.m. – 1:30 p.m. and 9:00 a.m. to 1:00 p.m.
Date of Last Visit:	November 25, 2008
Visit Location:	City of Industry
Persons in attendance:	Jerry Douglas, Manager, Training & Development, Quinn William Sacks, V P, Operations, National Training Co., Inc. (NTC) Elsa Wadzinski, Contract Analyst, Employment Training Panel
Action Required:	Yes

Term of Agreement:	03/12/07 – 03/11/09	Agreement Amount:	\$827,820
Training Start Date:	03/12/07	No. to Retain:	827
Date Training must be Completed:	12/10/08	Range of Hours:	24 – 200
Type of Trainee:	Retrainee	Weighted Ave. Hours:	63

The Final Monitoring visit was originally scheduled in March 25, 2009, but the Analyst was unable to validate training documented on the ETP On-Line Tracking System due to incomplete or missing rosters, misinformation on rosters and duplicate training entries. Mr. Douglas commented that some of the issues were due to Quinn losing its in-house ETP administrative person, who was in charge of collecting and reviewing ETP rosters for correctness, prior to submitting them to NTC (Quinn's third party administrator) to be entered into the ETP On-Line Tracking System.

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Ms. Wadzinski expressed her concern during the March 25, 2009 attempt to complete the Final Visit (as in prior Monitoring Visits), that the Action Items discussed with your staff, and outlined in Monitoring Reports throughout the term of the Agreement, appeared to provide no assistance, as the same issues continued to reoccur.

The Analyst provided administrative technical assistance to project staff again; and project staff agreed to go through all the ETP training rosters, and remove any rosters for training that are not ETP eligible, as well as update the ETP On-Line Tracking System to ensure accuracy. The Final Monitoring Visit was rescheduled for June 12, 2009.

***SUMMARY OF ACTION ITEMS
FROM THE MARCH 25, 2009
VISIT:***

Training Status/Project Administration: See Page 2
Attendance Rosters/Tracking: See Page 3
Suspend Payment: See Page 4

TRAINING STATUS/PROJECT ADMINISTRATION:

During the November 25, 2008 Monitoring Visit, Ms. Wadzinski commented that the ETP On-Line Tracking System illustrated a total of 5,168 training hours (of the 55,188 outlined in the Agreement) had been provided to 129 trainees who met the minimum number of training hours required for reimbursement (24 hours). This amounted to an estimated \$77,520 (9% of the total Agreement amount, \$827,820) assuming all other Agreement requirements are met.

At that time, the Analyst advised your staff of her concerns that the last day to provide training for the 90-day retention period to fall within the term of the Agreement was December 10, 2008, which was approaching within two weeks, and it appeared Quinn made no progress regarding ETP training. Mr. Douglas responded by stating that when the outstanding rosters for ETP training were entered on the ETP On-Line Tracking System, Quinn estimated ETP earnings of \$250,000. To this statement, Ms. Wadzinski responded, that she could not substantiate the estimated training reimbursement amount being reported by Quinn, due to the lack of information on the ETP On-Line Tracking System; which is used as a tool for a Contractor (and ETP) to track training, and required for Contractor's utilizing ETP's variable reimbursement training plan. Ms. Wadzinski further stated, that all outstanding training had to be entered onto the ETP On-Line Tracking System by January 5, 2009; and that failure to meet this deadline could result in the disallowance of training, and loss of reimbursement for training hours. In January 2009, Mr. Douglas contacted Ms. Wadzinski and advised her that Quinn could not update the ETP On-Line Tracking System by January 5, 2009.

During the March 25, 2009 Final Visit, Mr. Sacks provided the Analyst with an updated ETP Training Summary Report for All Trainees, which indicated a total of 16,211 training hours (29% of the total training hours outlined in the Agreement) were provided to 237 trainees, who met the minimum number of training hours required for reimbursement (24 hours). Based on this information, it was determined that an estimated 11,043 training hours (68% of the training provided under this Agreement) was entered onto the ETP On-Line Tracking System, 20 months or more into the ETP Agreement; rendering the Monitoring process ineffective.

Ms. Wadzinski was unable to complete the Final Monitoring Visit on March 25, 2009, due to continuing Action Items based on inconsistencies when comparing training information documented on attendance rosters, to information input on the ETP On-Line Tracking System (refer to Attendance Rosters/Tracking, page 3).

ATTENDANCE ROSTERS/TRACKING:

During the March 25, 2009 records review, the Analyst first reviewed rosters pertaining to outstanding Action Items from the November 25, 2008 Monitoring Visit, which required responses from continuing issues relating back to the May 18, 2008 Monitoring Visit; as well as addressing issues related to the rosters for the estimated 11,043 training hours input after the last day to provide training for the 90-day retention period to fall within the term of the contract.

1. During the May 2008 Monitoring Visit, ETP staff noted that the roster Quinn opted to use to document ETP training, indicates a section "for Quinn use only" and a section "for ETP use only," and ETP staff found two sets of rosters dated March 19, 20, 21, and 24, 2008 for Manufacturing Skills training provided to Angel Pineda and Larry Villegas at the same time, by the same trainer Mark Chavez, but for different subtopics. The rosters for Larry Villegas also indicated a second instructor signature by Luis Flores, but even if Mr. Flores was the trainer, it did not explain Mr. Chavez's signature on the roster.

During the November 2008 Monitoring Visit, it was determined that the rosters which Mark Chavez signed as trainer for the dates of March 19 and 20, 2008, should be (and were) removed from the Tracking System, but the training for March 21 and 24, 2008, was still documented on the tracking system, with no additional supporting documentation, explanation or response to how the issue occurred.

Project staff advised the Analyst that the training provided on March 21 and March 24, 2008 was on the job training (OJT), and that it has been removed from the system.

2. Trainee Mark Chavez signed rosters as an instructor for training two different individuals at the same time, in different subject matters, on March 19, 2008. He also signed a roster as a trainee receiving Business Skills for training times that overlap with another roster he signed as a trainer providing Manufacturing Skills.

The training was addressed by deleting the roster indicating Mark Chavez was the trainer on March 19, 2008, but an explanation regarding the overlapping rosters was not provided.

Project staff commented that based on their research, it was determined that this was an error on the trainee's part that they could not track.

3. The Analyst noted that attendance rosters for training provided to Denyse Carriedo on January 3, 4, 7, and 8, 2008, for eight hours of Business Skills training provided from 8:00 a.m. to 4:00 p.m., with no lunch, appeared to be copies.

During the records review, it was determined that your project staff provided the Analyst copies of photocopied rosters, and stated that the original rosters had been misplaced, and absent secondary source documentation, they had decided to delete this training.

4. Rosters reviewed during the May 2008 Monitoring Visit, noted three separate rosters for a half hour of Continuous Improvement training provided at different locations by Jerry Douglas on April 14, 2008, and the rosters indicated this training was provided via phone conference, which is not an approved method of ETP training under this Agreement.

Ms. Wadzinski noted during her review, that although project staff agreed to remove this training from the ETP On-Line Tracking System during prior Monitoring Visits, training sessions for Kenneth Dickinson and Aaron Gallyer had still not been removed. Project staff agreed this was an error and agreed to remove this training from the Tracking System again.

The Analyst commented that this was a recurring issue, as the Analyst noted previous instances of the same occurrence, for different training dates, addressed in the December 2007 Monitoring Report.

5. During the November 25, 2008 Monitoring Visit, Ms. Wadzinski noted that attendance rosters dated February 4, 5, 6, and 7, 2008, for eight hours of Continuous Improvement training received by both Annmarie Cornett and Salena Martinez, indicated that the trainees cross-trained each other and signed as both trainer and trainee for each other simultaneously. Project staff agreed that this was an error, and indicated that they would review the training classes to determine if the training was ETP eligible, and remove it.

The Analyst noted during the March 25, 2009, records review that project staff only removed training for February 6 and 7, 2008, and not February 4 and 5, 2008, with no explanation. Ms. Wadzinski advised Mr. Sacks, that she needed more information as to why only two of the dates were removed. Project staff subsequently responded that the training documented for these dates was OJT, and not ETP eligible, and removed the other two dates of training that were still listed on the tracking system.

Ms. Wadzinski commented to project staff that the same issue was noted during the May 2008 Monitoring Visit between Salena Martinez and Gabriel Vasquez on the dates of February 11, 14, and 15, 2008. Those training hours were also subsequently removed.

SAMPLE ROSTER REVIEW BASED ON THE 11,043 HOURS OF TRAINING (68% OF TRAINING REPORTED AS PROVIDED DURING THE TERM OF THE CONTRACT) INPUT ONTO THE ETP ON-LINE TRACKING SYSTEM AFTER NOVEMBER 25, 2008.

6. Roster for training provided to Jerry Atkins, dated July 16, 2008, indicates six hours of Manufacturing Skills training from 9:00 a.m. to 2:30 (5.5 hours), and the tracking system illustrates six hours of training was provided.

The tracking system also illustrates nine hours of Manufacturing Skills training provided to Jerry Atkins on July 18, 2008, but the roster reviewed indicates training from 2:00 to 4:30 p.m. (2.5 hours).

Project staff indicated that in both instances, the trainer changed the class times but did not revise the class/lab hours. No secondary source documentation was provided as support, and it appears that the trainee was subsequently dropped from the ETP system.

7. Roster illustrating eight hours of Manufacturing Skills training provided to Michael Cisneros, October 7, 2008, was a photocopy. Project staff indicated the hours were removed because the original was misplaced, and no secondary source documentation was provided.
8. Tracking System indicates 4.5 hours of Manufacturing Skills was provided to Juan Contreras on December 11, 2008, but the contractor indicates the original roster was misplaced, and will remove these training hours from the ETP On-Line Tracking System; bringing the trainee below 24 hours (the minimum number of training hours required for reimbursement), and will subsequently drop this trainee.

9. Original rosters for eight hours of Manufacturing Skills training provided to Joseph Hidy on December 3 and 4, 2008 were misplaced, and only copies were available for review. Project staff provided the Analyst with secondary source documentation consisting of an E-mail from Bill Hunter (Quinn), the trainer for these classes indicating the training topics, times and dates. Ms. Wadzinski advised your staff that she will include this information in the project file, available for review, in the event of an audit.
10. A roster illustrating 1.5 hours of Manufacturing Skills training provided to Mark LaCasse on July 19, 2008, indicates OJT. Project staff indicated they will remove these training hours from the tracking system, and advised the trainer that OJT was not part of ETP training.
11. The tracking system indicates eight hours of Manufacturing Skills training was provided to Sail Orellana on October 6, 2008, but the contractor was unable to provide an original roster or secondary source documentation to support the training had been provided; and dropped these hours from the tracking system.
12. Only a photocopy of roster for four hours of Computer Skills training provided to Earl Rakestraw was available for the Analyst to review. Project staff provided the Analyst with screenshot of the trainer's (Terry Wilcoxson, Quinn) calendar, illustrating the training class was scheduled, but it does not include the trainee names. The Analyst indicated that she would include this information in the file, and available for review, in the event of an audit.
13. Rosters for Manufacturing Skills training provided to Jeremy Rocha on November 18 (6 hours), November 19 (8 hours) and November 20 (7 hours), 2008, were all photocopies. Project staff provided the Analyst with secondary source documentation consisting of an E-mail from Quinn trainer, Bill Brensel, dated November 10, 2008, indicating the names of trainees to attend this training, but the E-mail does not indicate the training dates or times. Ms. Wadzinski advised project staff that she will include this information in the file, available for review, in the event of an audit.

Ms. Wadzinski reiterated her concern regarding the accuracy of the training documentation for this ETP project due to the number of continuing discrepancies between the rosters provided for review and the information documented on the ETP On-Line Tracking System (which is used to determine ETP funding). She advised Mr. Douglas and Mr. Sacks that she was not able to complete the Final Monitoring Visit during the March 25, 2009 meeting, as she was unable to substantiate the training documented to date; and a subsequent Final Monitoring Visit was scheduled for June 12, 2009.

The Analyst further advised your staff that they must review **all** attendance records and compare it to the ETP On-Line Tracking System, to ensure that the training hours reported for final billing are documented correctly.

The findings listed were based only on the training records reviewed during the March 25, 2009, Monitoring Visit and only represent a sample of the training records completed to date. Further, it is Quinn's responsibility to ensure that all training records are in compliance with Panel requirements for auditing purposes. [Reference: Title 22 California Code of Regulations, Section 4442)]

SUSPEND PAYMENT:

A Suspend Payment was placed on this Agreement in December 2007, and remained in effect after the March 25, 2009 Final Monitoring Visit, which was subsequently rescheduled to June 12, 2009, due to continuing Action Items. The Analyst continued the Suspend Payment due to the lack of reliable documentation provided for review to substantiate training reported on the ETP On-Line Tracking System by project staff. The continuing action was considered necessary to help prevent a potential overpayment.

Due to the number of findings and potential severity of the issues discovered throughout the term of the Contract, and after a sample review of the 11,043 training hours (68% of the total training) entered prior to the March 25, 2009 Monitoring Visit, Ms. Wadzinski recommended that the Suspend Payment remain in place until the Final Visit.

Subsequent to the June 12, 2009 Final Visit, Ms. Wadzinski recommended the Suspend Payment be released, only as a necessary administrative process to close the file. The release of the suspend payment does not resolve the serious issues addressed throughout the term of the contract. Further, due to the lack of training documentation provided to the Analyst on a timely basis; rendering the Monitoring process ineffective throughout the term of the Contract, Quinn is at serious risk for reimbursing ETP any disallowed costs in the event of an audit (refer to Audit, page 8).

JUNE 12, 2009 FINAL VISIT:

FINAL REPORT SUMMARY:

The Agreement was executed on March 28, 2007 and training began on March 19, 2007. Project staff reported that all ETP training was completed on December 11, 2008, which allows for the 90-day retention period to be completed within the term ending date of the Agreement – June 29, 2008. There were no revision requests during the term of the Agreement.

According to Mr. Sacks, 306 of the estimated 827 (37%) trainees specified on Chart 1, Exhibit A of the Agreement, have completed the minimum number of training hours required (24 hours) for reimbursement and the 90-day retention period. The total hours provided to trainees who met the required minimum in Job 1 were 10,372, 1,770 in Job 2 and 2,408 in Job 3; at a reimbursement rate of \$15 per hour for training, Quinn would earn approximately \$218,265 (26%) of the total ETP Agreement amount, assuming all other Agreement requirements are met. Since Quinn has received \$45,965.25 to date, you will receive an additional \$172,308.75, in funding if the anticipated number of trainees to retain is verified during the final fiscal closeout. The Analyst commented that these amounts are subject to change based on pending issues regarding ETP compliance (refer to Training Data Entered On the ETP On-Line Tracking System Later Than 90-days After Training Was Provided: Page 6).

Mr. Douglas stated that although you did not complete 100 percent of the training, Quinn was able to provide its employees with training in Continuous Improvement, Manufacturing Skills, Business Skills and Computer Skills. He commented that the training provided skills to help employees work more efficiently and leaner, which is needed to stay competitive in today's market. The training also provided the opportunity for employees to pass down experience and knowledge that less tenured employees have. Finally, Mr. Douglas indicated that the new skills make employees more valuable to the company and increases retention.

In discussing what barriers you experienced in implementing your ETP program, project staff stated that the training plan submitted at the time of development was too aggressive; and business demands prevented Quinn from providing some of the training outlined in the Agreement.

In discussing the ETP record keeping, you indicated that your administration was provided by a third party; and administrative struggles were internal, due to the loss of staff. You reported that in getting familiar with ETP's websites, you find them user-friendly; and added that ETP staff provided good support throughout the Agreement.

In closing, Mr. Douglas stated that Quinn may be interested in returning to ETP for another contract in the near future to complete the training plan originally submitted.

PROJECT STATUS PROVIDED BY THE CONTRACTOR:

Job Number	Number to Retain	Number Enrolled in Training	Number of Trainees Dropped (following enrollment)	Number of Trainees Completed Minimum Hours	Number of Trainees Completed	Number of Trainees Completed Retention
1	652	849	214	207	207	207
2	100	137	34	38	38	38
3	75	243	70	61	61	61
Totals:	827	1229	318	306	306	306

ATTENDANCE ROSTERS/TRACKING:

During the June 12, 2009 Final Monitoring Visit, Mr. Douglas advised the Analyst that the training documented on the ETP On-Line Tracking System had been checked and cross-referenced with the rosters provided to the Analyst for review. Ms. Wadzinski advised project staff that due to the continuing Actions Items (dating back to the December 2007 Monitoring Visit), she would concentrate on reviewing training records pertaining to the previous ongoing Action Items to determine if the issues were addressed.

During the records review, the Analyst noted that several of the training hours indicated on individual trainee training records reviewed March 25, 2009 (based on information entered on the ETP On-Line Tracking System) illustrated training hour reductions of up to ten hours for some trainees; and in some cases trainees had been dropped. Ms. Wadzinski referred to the statistics from the March 25, 2009 Final Visit, noting a reduction of 1,660 training hours (\$24,900) and 32 trainees based on the statistics provided by Mr. Sacks during the June 12, 2009 Final Visit. Project staff commented that the changes occurring after the March 25, 2009 Final Visit, were based on a mass review of all ETP records, to ensure correctness, and the decision to delete any questionable training or training documentation from the ETP systems; all in an effort to closeout the contract. This led to many trainees falling below the minimum number of training hours required for reimbursement (24 hours), which prompted project staff to drop many trainees.

The review of the Class/Lab Rosters indicated that the Rosters contained the information required by ETP (or additional secondary source documentation) to substantiate training, and corresponded with the training input on the ETP On-Line System; and the Agreement curriculum was provided as specified; and that you are in compliance with the ratio of one trainer to 20 retrainees, as specified in the Agreement Training Plan.

Your project staff was again advised that these findings are based only on the training records reviewed during the June 12, 2009, Monitoring Visit and only represent a sample of the training records completed to date. Further that it is your responsibility to ensure that all training records are in compliance with Panel requirements for auditing purposes. [Reference: Title 22 California Code of Regulations, Section 4442)]

AUDIT:

Quinn will be notified in writing if this agreement is selected for an audit, conducted either at your site (field audit) or by telephone (desk audit or "review"). The Audit Notification and Audit Confirmation letters will be sent in advance to allow ample preparation time and will include a list of documents that will be examined by the auditor. To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

RECORD RETENTION:

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding this report, please contact Elsa Wadzinski at (818) 755-3634 or by email at ewadzinski@etp.ca.gov within ten (10) working days from the receipt of this report.

Sincerely,

Signature on file

Wally Aguilar, Program Manager
North Hollywood Regional Office

Signature on file

Elsa Wadzinski, Contract Analyst
North Hollywood, Regional Office

cc: Jerry Douglas, Manager, Training and Development (via E-mail)
Quinn Group, Inc.

William Sacks, Vice President Operations (via E-mail)
National Training Company

David A. Guzman, Chief, Audit's & Program Operations Division
Kulbir Mayall, Manager, Fiscal and Certification
Master File
Project File

Date report mailed to Contractor 7/28/09